



NEWS RELEASE

Nov 16, 2021

R&I Affirms Ratings, Changes Outlook to Positive: Resona Group

Rating and Investment Information, Inc. (R&I) has announced the following:

SEC. CODE	COMPANY NAME
8308	Resona Holdings, Inc.
----	Resona Bank, Ltd.
----	Saitama Resona Bank, Ltd.

* Please refer below for rated bonds, etc.

RATIONALE:

The Resona Group is a leading banking group that consists primarily of Resona Bank, Ltd., Saitama Resona Bank, Ltd. and Kansai Mirai Financial Group, Inc. (KMFG). It made KMFG a wholly-owned subsidiary of Resona Holdings, Inc. in April 2021 and has been reducing costs by reconsidering channels through branch consolidation, etc. and reallocating human resources. As exemplified by growth of the asset formation support services, fee business is expected to expand. The group-wide earning capacity would be beefed up when the group's integrated management is accelerated. Considering that its risk resilience will highly likely improve through profit accumulation, R&I has changed the Rating Outlook to Positive while affirming the rating.

Its franchise is extremely strong. The group established a broad franchise mainly in the greater Tokyo area and the Kansai area. Its domestic market share for deposits and loans is the fourth largest after Japan's three major financial groups. The group boasts the highest outstanding balance of housing loans in the industry. Its strength lies in domestic retail services primarily for individual customers and small and medium-sized enterprises (SMEs), while concurrent operation of trust and real estate services is also the source of its competitiveness. The group's sales strategy using IT systems, such as increasing customer contacts through the fusion of branches and the Internet, has been working well. As an increasing number of banks have adopted Resona Group App, the banking function using an application, and Resona Fund Wrap, the potential customer base is expanding.

The group is least susceptible to the impact of the financial and capital market among major lenders and its business portfolio is stable. Asset quality is sound. Lending to SMEs as well as housing and apartment loans and those to real estate leasing/asset management companies make up the bulk of the group's credit portfolio. The ratio of credit to restaurants and accommodation businesses, which have been largely affected by the COVID-19 pandemic, to total lending remains low. Given a time lag between changes in the bank's balance sheet and macro-economy, attention needs to be paid. That said, Japanese retail customers who constitute the majority of its borrowers have stress resilience overall, in R&I's view.

The domestic retail banking business that accounts for most of its earnings continues to face downward pressure on interest rates. The group's earning capacity is slightly low for the rating. Since the group is less dependent on market segments for earnings, its earnings are stable. In the group, KMFG has room for improvement due to its high expense rate. If its risk resilience becomes stronger through accumulation of retained earnings benefitting from the synergy effects of the integration, the rating will be upgraded.

Resona Holdings, Inc.

Resona Holdings, Inc. is the holding company of the Resona Group. The rating reflects the entire group creditworthiness and the structural subordination inherent in a holding company, among other factors, and therefore is one notch lower than those of the group's core companies.

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Resona Bank, Ltd.

Resona Bank, Ltd. is a core bank of the Resona Group. The rating directly reflects the entire group creditworthiness.

Saitama Resona Bank, Ltd.

Saitama Resona Bank, Ltd. is a core bank of the Resona Group, along with Resona Bank. The rating directly reflects the entire group creditworthiness. Saitama Resona Bank is the leading bank in Saitama Prefecture, which has a large economy compared to other prefectures and is characterized as a commuter town for Tokyo. Despite intense competition especially with regional banks based in neighboring prefectures and operating in Saitama Prefecture, Saitama Resona Bank will likely maintain its high competitiveness by differentiating itself through solid relationships with customers and the group's functions, among others.

The primary rating methodologies applied to this rating are provided at "R&I's Basic Methodology for Corporate Credit Ratings", "Shared Rating Approach for Financial Institutions, etc.", "Depository Financial Institutions", "R&I's Analytical Approach to Financial Groups" and "R&I's Analytical Approach to Regulatory Capital Instruments and Financial Institutions". The methodologies are available at the web site listed below, together with other rating methodologies that are taken into consideration when assigning the rating.

https://www.r-i.co.jp/en/rating/about/rating_method.html

R&I RATINGS:

ISSUER:	Resona Holdings, Inc. (Sec. Code: 8308)
	Issuer Rating
RATING:	A, Affirmed
RATING OUTLOOK:	Positive, Changed from Stable

Unsec. Str. Bonds No.12	Issue Date	Maturity Date	Issue Amount (mn)
	Jan 24, 2017	Jan 24, 2022	JPY 25,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.14	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 02, 2017	Jun 02, 2022	JPY 30,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.15	Issue Date	Maturity Date	Issue Amount (mn)
	Jun 02, 2017	May 31, 2024	JPY 10,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.17	Issue Date	Maturity Date	Issue Amount (mn)
	Dec 20, 2017	Dec 20, 2022	JPY 20,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.19	Issue Date	Maturity Date	Issue Amount (mn)
	Jul 23, 2018	Jul 21, 2023	JPY 30,000

RATING: **A, Affirmed**

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Unsec. Str. Bonds No.20 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Jul 23, 2018 Jul 23, 2025 JPY 10,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.21 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Dec 14, 2018 Dec 14, 2023 JPY 25,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.22 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Jul 19, 2019 Jul 19, 2024 JPY 30,000

RATING: **A, Affirmed**

Unsec. Str. Bonds No.23 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Dec 13, 2019 Dec 13, 2022 JPY 10,000

RATING: **A, Affirmed**

ISSUER: **Resona Bank, Ltd.**

Issuer Rating

RATING: **A+, Affirmed**

RATING OUTLOOK: **Positive, Changed from Stable**

Unsec. Sub. Bonds No.9 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Dec 22, 2011 Dec 22, 2026 JPY 20,000

RATING: **A, Affirmed**

Unsec. Sub. Bonds No.11 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Mar 14, 2012 Mar 15, 2022 JPY 35,000

RATING: **A, Affirmed**

Unsec. Sub. Bonds No.12 **Issue Date** **Maturity Date** **Issue Amount (mn)**
Mar 14, 2012 Mar 15, 2027 JPY 16,000

RATING: **A, Affirmed**

Short-term Debts

RATING: **a-1, Affirmed**

ISSUER: **Saitama Resona Bank, Ltd.**

Issuer Rating

RATING: **A+, Affirmed**

RATING OUTLOOK: **Positive, Changed from Stable**

Short-term Debts

RATING: **a-1, Affirmed**

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